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PP RUEHWEB

DE RUEHSB #0281/01 0661642  
ZNR UUUUU ZZH (CCY MISSING SENSITIVE CAPTION AD9F890F MSI5189 544)  
P 071642Z MAR 06  
FM AMEMBASSY HARARE  
TO RUEHC/SECSTATE WASHDC PRIORITY 9705  
INFO RUCNSAD/SOUTHERN AFRICAN DEVELOPMENT COMMUNITY  
RUEHUJA/AMEMBASSY ABUJA 1133  
RUEHAR/AMEMBASSY ACCRA 0963  
RUEHDS/AMEMBASSY ADDIS ABABA 1137  
RUEHBY/AMEMBASSY CANBERRA 0397  
RUEHDK/AMEMBASSY DAKAR 0757  
RUEHKM/AMEMBASSY KAMPALA 1190  
RUEHNR/AMEMBASSY NAIROBI 3535  
RUEHFR/AMEMBASSY PARIS 0963  
RUEHRO/AMEMBASSY ROME 1591  
RUEHBS/USEU BRUSSELS  
RUEHGV/USMISSION GENEVA 0550  
RHEHNSC/NSC WASHDC  
RUCNDT/USMISSION USUN NEW YORK 1348  
RUEKJCS/JOINT STAFF WASHDC  
RUEHC/DEPT OF LABOR WASHDC  
RUEATRS/DEPT OF TREASURY WASHDC  
RUEKDIA/DIA WASHDC//DHO-7//  
RUCPDO/DEPT OF COMMERCE WASHDC  
RUFOADA/JAC MOLESWORTH RAF MOLESWORTH UK//DOOC/ECMO/CC/DAO/DOB/DOI//  
RUEPGBA/CDR USEUCOM INTEL VAIHINGEN GE//ECJ23-CH/ECJ5M//

UNCLAS HARARE 000281

SIPDIS

SENSITIVE  
SIPDIS

AF/S FOR B. NEULING  
NSC FOR SENIOR AFRICA DIRECTOR C. COURVILLE  
STATE PASS TO USAID FOR M. COPSON AND E. LOKEN  
TREASURY FOR J. RALYEA AND B. CUSHMAN  
COMMERCE FOR BECKY ERKUL  
C O R R E C T E D C O P Y (MISSING SENSITIVE CAPTION)

E.O. 12958: N/A  
TAGS: [ECON](#) [EFIN](#) [PGOV](#) [ASEC](#) [ZI](#)  
SUBJECT: AGRICULTURE EXPERTS PRESENT SOBERING VIEW OF THE  
SECTOR

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Summary  
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1. (SBU) At an agriculture sector roundtable on February 24, local experts provided a sobering overview of the sector to visiting USDA crop analyst Dr. Curt Reynolds. Reynolds said that he expected an increase in maize production over 2005. A Commercial Farmers, Union representative declined to forecast production, but said despite ideal rainfall the harvest would still be relatively modest given late planting, the lack of fertilizer, and sharp reduction in the area under production. A representative of the fertilizer industry told Reynolds that a lack of forex was primarily to blame for the on-going fertilizer shortages. A representative of the cotton sector said production would be up this year but would still fall far short of government estimates. End Summary.

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Good Rains But Delayed Inputs, Less Planting  
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2. (SBU) Reynolds said that based on the amount of land under cultivation and the good rainfall this year he was predicting an improved maize harvest over 2005. Dr. Carl Levy, plant pathologist at the Commercial Farmers, Union (CFU) agreed with Reynolds that rainfall had been near ideal over most of Zimbabwe since November. However, he noted that there had

been delays in accessing inputs and securing finance and as a result planting had been late. In addition, there was an ongoing scarcity of fertilizer and a sharp decline in the area planted in soybeans and maize. Levy said that the CFU did not have adequate access to accurate information to project crop yields and while an improvement was likely over 2005,s extremely poor harvest, he did not expect a bumper8 crop.

13. (SBU) Levy attributed the dramatic reduction in the area under soybean production to a lack of know-how by new farmers. He pointed out that soybeans were not a traditional Zimbabwean crop. Soybeans had very different growing and handling needs than traditional dry beans. In the past, 95 percent of production had come from commercial farmers. Levy said the area under commercial maize planting was also down 30 percent from the previous season. Compounding the problem, farmers were retaining hybrid maize seed, the second-generation yield of which was even lower than that of open-pollinated seed.

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Fertilizer ) Forex Shortages and Controlled Prices  
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14. (SBU) Dr. Richard Dafana, Managing Director of Zimbabwe Fertilizer Company (ZFC), called foreign exchange shortages and non-commercial pricing his industry,s biggest challenges. Delays in obtaining foreign exchange had prevented the timely and adequate production and distribution of fertilizer. He cited potash for phosphate production as an example. The industry should have imported it in June or July 2005, but delays in obtaining forex had pushed out the delivery date to November/December - too late for phosphate production and distribution to the tobacco and early maize crops. (N.B.: The tobacco industry is predicting a fall in production from close to 80 million kg in 2005 to 50-55 million kg this year, the smallest crop since independence.)

15. (SBU) Dafana said the recently announced nationalization of the fertilizer industry was unlikely to go forward. He countered any suggestion that changing ownership or control would solve the industry,s problems, reiterating the forex-intensive nature of the business. (N.B.: Since the roundtable, the GOZ announced that it had scrapped the plan to buy out the three main privately held fertilizer companies, including ZFC.)

16. (SBU) Looking toward the impending winter grain growing season, Dafana said the scarcity of fertilizer supplies would severely hamper winter wheat and barley production. He also noted that while chemicals were also in short supply, they were nevertheless priced right and were not traded on a secondary market. Chemical shortages were thus not as critical as the shortfall in fertilizer. Dafana noted that the sugar estates with access to forex were acquiring fertilizer by paying above the controlled prices.

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Cotton ) Better, But No Commercial-Farm Production  
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17. (SBU) John Battershell, Managing Director of U.S.-owned Cargill Cotton, reported good seed distribution in 2005 at close to 7,500 tons. He predicted that the crop could come in at 300,000 tons, an improvement over the 198,000 tons harvested in 2005. However, the cotton crop would still not come close to the government,s estimate of 750,000 tons. He pointed out that cotton, a communally grown arid crop, &didn,t like wet feet,8 and weed growth had been a particular problem in this wet growing season.

18. (SBU) Battershell estimated that if large-scale &A28 farms grew cotton, and if GMO seed were allowed in the country, yield could jump from the present average of 800 kg/ha to 5 tons/ha, or higher. In that regard, he claimed to have noted some shift in the GOZ,s view on GMOs, with prospects for GM cotton &furthest along8. (N.B. The

subject of GMOs received heightened press attention recently surrounding the visit of U.S. academic Tom de Gregori, who held discussions with the Biosafety Board of Zimbabwe on the implementation of biotechnology for enhancing agricultural output. While the GOZ has been traditionally anti-GMO, press treatment of the visit suggested some softening of the position.) Moreover, as upwards of 35 percent of South Africa's maize is now GMO and South Africa does not segregate GMO from non-GMO, Zimbabwe is already importing substantial quantities of GMO corn for human consumption.

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Comment  
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19. (SBU) Ideal rainfall appears likely to result in improved agricultural output. Reynolds predicted that the maize harvest would be between 900,000 and 1 million metric tons (MT) as compared to 2005,s harvest of 600,000 MTs. However, this figure is still well below the country,s need and is a far cry from pre fast-track land reform production levels. Government policies, specifically insecure property rights, unaddressed structural failures in the input and output markets, and the failure to get qualified farmers onto the productive land and support them adequately, will deny Zimbabwe what could have been a bumper 2006 harvest.  
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